

Message Text

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C O N F I D E N T I A L STATE 131136

EXDIS MILITARY ADDEE HANDLE AS SPECAT EXCLUSIVE

FOLLOWING REPEAT DAMASCUS 3572 ACTION SECSTATE INFO AMMAN
BAGHDAD BEIRUT CAIRO JERUSALEM JIDDA KUWAIT LONDON MOSCOW
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QUOTE

C O N F I D E N T I A L DAMASCUS 3572

EXDIS

DEPT PASS DIA, SECDEF, USCINCEUR

E.O. 11652: N/A
TAGS: PFOR, XF, UR, US, PLO
SUBJECT: SYRIA IN MID-1977: HOW MUCH CAN WE COUNT ON IT?

1. SUMMARY: THE AL-ASSAD REGIME ENTERS THE SUMMER OF 1977
APPREHENSIVE ABOUT A LIKUD-LED GOVERNMENT IN ISRAEL, MORE
DEEPLY ENGAGED THAN IT WOULD LIKE IN THE UNSETTLED CONDITIONS IN
LEBANON AND BEDEVILED BY DOMESTIC ECONOMIC PRESSURES, NOT,
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ONE MIGHT ASSUME, A PREPOSSESSING NEGOTIATING PARTNER IN THE
MIDDLE EAST PEACE SETTLEMENT. BUT THINGS COULD BE WORSE.

2. THIS LEADERSHIP REMAINS UNQUESTIONABLY INTERESTED IN A
NEGOTIATED SETTLEMENT AND IS NOT SEEKING A WAR WITH ISRAEL,
DESPITE PUBLIC POSTURING. AL-ASSAD HIMSELF HAS MADE NO
PUBLIC COMMENT RE BEGIN OR THE NEW GOVERNMENT. THE PRESIDENT

HAS BEEN MORE OPTIMISTIC ABOUT A SETTLEMENT IN RECENT MONTHS, IN LARGE PART BECAUSE OF HIS READING OF PRESIDENT CARTER; BUT HE ALSO IS REFLECTING THE CURRENT MODD IN SYRIA, INCREASINGLY TRANSFORMED FROM A REVOLUTIONARY TO A STATUS QUO POWER INTERESTED IN PRESERVING AND ENHANCING ITS PREEMINENT ROLE IN THE LEVANT. IN ITS PRESENT SHAKY CONDITION, LEBANON IS SEEN AS A MILLSTONE ON THE SYRIAN NECK BUT AS AN INESCAPBLE ONE IF SYRIA IS TO FORESTALL THE DANGER TO ITSELF OF A RENEWED POLITICAL DETERIORATION IN LEBANON. IF SYRIAN INVOLVEMENT HAS BEEN A NET PLUS FOR LEBANON. AND THE AREA IN GENERAL, IT HAS ALSO SERVED TO BRING HOME TO THIS LEADERSHIP THE DIFFICULTIES OF EXTENDING ITS HEGEMONY BEYOND ITS OWN FRONTIERS. WE SEE NO THREAT TO THE REGIME FROM THE SYRIAN MILITARY. FINALLY, SYRIA'S ECONOMIC STRAITS, WHILE GALLING TO THIS "POOR BUT PROUD" LEADERSHIP, HAVE NOT REACHED A CRITICAL POINT. IT IS A MOOT QUESTION WHETHER A HUNGRY, BUT NOT STARVING, SYRIA MAY BE MORE INTERESTED IN PURSUING THE PEACE PROCESS THAN ONE WHOSE ECONOMIC APPETITE IS BETTER SATISFIED BY FOREIGN ASSISTANCE. HOW MUCH AID SYRIA REALLY NEEDS IS AN UNANSWERABLE QUESTION. WHETHER WE ENCOURAGE OTHER DONORS TO BE MORE GENEROUS TO SYRIA IS LESS IMPORTANT TO DAMASCUS THAN WHAT WE SUCCEED IN DOING TO MAINTAIN THE MOMENTUM OF THE PEACE PROCESS. DAMASCUS IN MID-77 IS WAITING FOR CARTER.

END SUMMARY.

3. U.S.--SYRIA: AL-ASSAD PRIVATELY WELCOMED THE CHANGE IN THE AMERICAN ADMINISTRATION LAST JANUARY AND HAS BEEN IMPRESSED BY THE NEW TEAM'S EFFORTS TO STIMULATE MOVEMENT IN THE PEACE PROCESS. WHILE HE RETAINS DEEP SUSPICIONS OF

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ISRAELI INTENTIONS AS WELL AS DOUBTS ABOUT AMERICAN WILL TO DEFLECT THE ISRAELIS FROM THEIR PRESUMED GOALS, HE HAS SEEMED MORE OPEN TO THE CONCEPT OF A MUTUAL SYRO-AMERICAN INTEREST IN ADVANCING THE NEGOTIATING PROCESS. UNTIL THE LIKUD SUCCESS, THE THREAT OF A NEW ARAB-ISRAELI WAR HAD RECEDED FOR THE SYRIANS. THE ALMOST TANGIBLE SENSE OF HOPE FOR A PEACEFUL SETTLEMENT, WHICH HAD BEEN GIVEN SPECIAL IMPETUS BY THE CARTER-AL-ASSAD TALKS, HAS CERTAINLY SURVIVED THE ISRAELI ELECTIONS.

4. IN THE LAST FEW WEEKS, HOWEVER, WE HAVE HEARD REVIVED TALK ABOUT A RESORT TO MILITARY FORCE EXPRESSED IN TERMS OF "THE ARABS KNOW THE WAY TO ANOTHER OCTOBER," OR IN RHETORIC URGING ARAB READINESS AGAINST AN ISRAELI PREEMPTIVE ATTACK. AS OF TODAY, WE READ THE SYRIAN LEADERSHIP AS NEITHER FATALISTIC ABOUT PROSPECTS FOR WAR NOR INTERESTED IN PROVOKING ONE. IT KNOWS SYRIA IS IN NO SHAPE MILITARILY BY ITSELF TO ENGAGE THE ISRAELIS IN BATTLE NOR DOES IT FORESEE ANY COMBINATION OF ARAB STATES LIKELY TO SUCCEED

IN WAR. THE SYRIAN MILITARY ARE A HARD-HEADED AND ESSENTIALLY CONSERVATIVE LOT AND DOMINATE BAATH PARTY IDEOLOGUES WHO ARE THE ONLY ONES TALKING AN AGGRESSIVE LINE. THE PREVALENT MOOD IN DAMASCUS IS BEST DESCRIBED AS FREE FLOATING ANXIETY THAT BEGIN'S STATEMENTS ABOUT THE WEST BANK HAVE UNDERMINED THE POLITICAL PROCESS. THESE HAVE FED THE FEAR THAT SYRIA'S "PRINCIPLED STAND" TO SECURE TOTAL ISRAELI WITHDRAWAL AND PALESTINIAN RIGHTS MAY BE TESTED IN WAYS WHICH ARE LIKELY TO BE PAINFUL.

5. SEEN FROM DAMASCUS, THE MOST IMMEDIATE THREAT SYRIA POSES TO THE SETTLEMENT PROCESS IS THAT IT COULD DRIFT INTO A HIGHLY PASSIVE ROLE AS THE PARTIES PREPARE TO RE-CONVENE GENEVA. DAMASCUS HAS LONG PREFERRED TO LET SADAT STAY OUT IN FRONT, RESERVING FOR ITSELF IN THE PEACE PROCESS THE MORE COMFORTABLE--AND SECURE--ROLE OF CRITIC. IF BEGIN'S DECLARATION ABOUT WEST BANK TERRITORIES BECOMES CONFIDENTIAL

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OFFICIAL ISRAELI POLICY, THIS WILL DIMINISH SYRIA'S READINESS AND ABILITY TO USE WHAT LEVERAGE IT HAS ON THE PLM.

6. LEBANON: AL-ASSAD'S INVOLVEMENT IN LEBANON HAS WARPED SYRIA'S TRADITIONAL RELATIONS WITH PALESTINIANS, LEBANESE LEFTISTS AND SOVIETS. DURING THE PAST SIX MONTHS, AL-ASSAD HAS MANEUVERED TO REPAIR THE DAMAGE IN THESE RELATIONS. HE HAS DONE THIS CAUTIOUSLY BUT PERSISTENTLY AND IS BEGINNING TO HAVE SOME SUCCESS. SYRIA'S MILITARY PRESENCE IN LEBANON HAS BROUGHT HOME TO AL-ASSAD THE DIFFICULTIES OF PLAYING PEACEMAKER IN AN ALIEN SOCIETY--WHICH LEBANON MOST DEFINITELY IS-- BUT IT HAS ALSO REINFORCED FOR DAMASCUS THE IMAGE OF SYRIA AS THE LEVANT'S PARAMOUNT ARAB POWER, RESPONSIBLE ULTIMATELY FOR LEBANON, JORDAN, AND THE PALESTINIANS. WE OCCASIONALLY HEAR EXPRESSIONS OF TRADITIONAL SYRIAN PRIDE, REINFORCED BY BAATHI IDEOLOGY, SURFACE IN STATEMENTS THAT SYRIA SEEKS A MORE FORMALIZED STRUCTURE BE THIS A SYRO-JORDANIAN CONFEDERATION, A SYRO-LEBANESE CONFEDERATION, OR A SYRO-JORDANIAN-PALESTINIAN-LEBANESE CONFEDERATION. WE BELIEVE, HOWEVER, THAT SYRIA'S LEADERSHIP REMAINS REALISTICALLY AWARE THAT ITS NEIGHBORS WILL BE VERY CAUTIOUS RE THE EXTENT THEY WILL RESPOND TO SYRIAN OVERTURES.

7. SYRIAN MILITARY INTERVENTION IN LEBANON LAST YEAR WAS TO FORESTALL A DANGER TO SYRIA AND ON THIS SCORE IT IS STILL NOT OUT OF THE WOODS. AL-ASSAD AND COMPANY HAVE MADE A SUSTAINED EFFORT TO ESTABLISH A WORKING RELATIONSHIP WITH THE PHALANGE AND TO LAUNCH A NEW NATIONAL FRONT AMONG MUSLIMS TO SUPPORT SARKIS. DESPITE SOME INITIAL SPECULATION AMONG PALESTINIANS THAT BEGIN'S ACCESSION TO POWER WOULD COMPEL SYRIA TO WITHDRAW ITS TROOPS FROM LEBANON AND

STRENGTHEN GOLAN, THERE IS NO EVIDENCE THAT AL-ASSAD WILL RISK THE PREDICTABLE UPSURGE OF FIGHTING IN LEBANON WHICH BRINGING HIS TROOPS HOME WOULD TRIGGER. FURTHERMORE, SYRIAN MILITARY WITHDRAWAL FROM LEBANON WOULD BE READ HERE AND ABROAD AS A SIGNIFICANT INDICATION OF LOOMING HOSTILITY
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WITH ISRAEL. THIS REGIME'S SECURITY IS TODAY MORE CLOSELY LINKED TO LEBANESE EVENTS THAN IT IS TO THE SITUATION ON THE GOLAN. FOR THIS REASON, WE RECOMMEND MAKING FURTHER PUBLIC STATEMENTS ABOUT OUR SUPPORT FOR THE SYRIAN ROLE IN LEBANON, LINKED TO OUR SUPPORT FOR SARKIS. SUCH WILL HELP KEEP SYRIA ORIENTED TOWARDS RESTORING LEBANESE SECURITY AND PERHAPS ALSO KEEP DAMASCUS FLEXIBLE RE PREPARATIONS FOR GENEVA.

8. CONTINUED INSTABILITY IN SOUTH LEBANON HAS PROVIDED EARLY AND THUSFAR SUCCESSFUL TESTS OF SYRIAN AND ISRAELI ABILITY TO MAINTAIN THEIR RESPECTIVE COOL. BORDER SKIRMISHES HAVE NOT BEEN ALLOWED TO ESCALATE. WHILE SYRIA HAS EXERTED EFFORTS IN RECENT MONTHS TO RESTRAIN PALESTINAIN REJECTION-ISTS AND CHRISTIAN EXTREMISTS ALIKE FROM PROVOKING BORDER CLASHES, BOTH OF THOSE FACTIONS COULD YET STIMULATE DISTURBANCES TO WHICH BEGIN WOULD HAVE TO ADDRESS HIMSELF.

9. PALESTINIANS: PALESTINIANS HAVE GAINED ONE SHORT-TERM BENEFIT FROM LIKUD SUCCESS IN THAT SYRIA HAS CHANGED ITS PRIORITIES FROM PRESSING FOR IMPLEMENTATION OF THE CAIRO ACCORDS TO FORMATION OF A NEW LEBANESE NATIONAL FRONT. UNCERTAINTY ABOUT FUTURE DIRECTION OF SETTLEMENT PROCESS MAY HAVE STIMULATED RETHINKING WITHIN SARG ABOUT THE DESIRABILITY OF WEAKENING PLO MILITARY CAPABILITIES IN LEBANON. AS FAR AS A MEPC IS CONCERNED, WHILE SYRIA HAS HAD THE BURDEN OF PLAYING A MAJOR ROLE DISCIPLINING THE PLO IN LEBANON, IT HAS YET TO INVEST MUCH CAPITAL WITH THE PLO IN AN EFFORT TO KEEP THE ISSUE OF PALESTINIAN REPRESENTATION FROM BLOCKING GENEVA. LIKUD SUCCESS SEEMS LIKELY TO PUSH AL-ASSAD AND ARAFAT INTO CLOSER COORDINATION OF SYRO-PALESTINIAN DIPLOMATIC STRATEGY.

10. IRAQ: THERE IS NO EVIDENCE SARG EXPECTS EARLY RESPITE FROM IRAQI EFFORTS TO TOPPLE AL-ASSAD GIVEN THE POISONOUS RELATIONS BETWEEN THE TWO RULING PARTIES. A GROUP ALLEGEDLY RESPONSIBLE FOR VARIOUS INCIDENTS AND ASSASSINATIONS HAS
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JUST BEEN TRIED IN DAMASCUS WITH MEDIA HEAD-

LINING THEIR CONNECTION WITH "TRIBAL TIKRITI REGIME."
RECONCILIATION WITH BAGHDAD IN NEAR FUTURE IN ANY CASE
WOULD BE PARTICULARLY HUMILIATING FOR AL-ASSAD SINCE IRAQIS
HAVE ALREADY SAID BEGIN'S VICTORY VINDICATED IRAQ'S
REJECTIONIST STAND TOWARDS ISRAEL. TWO YEARS AGO WHEN
BAGHDAD PUBLICLY OFFERED RECONCILIATION WITH SYRIA, IT
CONDITIONED ITS AGREEMENT UPON SARG'S WILLINGNESS TO
ABANDON SC RES 338, IN EFFECT TO WITHDRAW FROM THE PEACE
PROCESS. SYRIA'S CONTINUED EFFORT TO ACHIEVE NEGOTIATED
SETTLEMENT WILL BY ITSELF BLOCK RAPPROACHMENT.

11. ARAB OIL STATES: FACING SUBVERSIVE EFFORTS FROM BAGHDAD
AND REJECTIONIST PALESTINIANS, AL-ASSAD HAS SOUGHT CLOSER
COORDINATION WITH ARAB OIL STATES BOTH FOR POLITICAL REASONS AND
FOR FINANCING TO REVIVE MOMENTUM OF SYRIAN ECONOMIC DE-
VELOPMENT. TO DATE PRESIDENT HAS HAD LITTLE TANGIBLE TO SHOW
FOR HIS EFFORTS. HIS POLITICAL DIALOGUE WITH THE PENINSULA
APPEARS RELATIVELY OPEN BUT THERE IS AN ACUTE FOREIGN
EXCHANGE CRISIS HERE AND NO SIGN THAT THE SAUDIS ARE MOVING
TO ALLEVIATE IT. SAUDI SUSPICIONS OF SYRIAN INTENTIONS IN
LEBANON, AS WELL PERHAPS AS SYRIAN INTENTIONS TOWARDS JORDAN
AND THE PLO, MAY HAVE CONTRIBUTED TO RIYADH'S RELUCTANCE
TO RELIEVE AL-ASSAD'S FINANCIAL DIFFICULTIES. SYRIANS
ARE INCREASINGLY FRUSTRATED, AND AT THE CABINET LEVEL
ALMOST DESPERATE OVER THEIR INABILITY TO SECURE SAUDI AID.
THEY ACCURATELY SEE RIYADH'S POSITION AS THE KEY TO THEIR
GETTING MAJOR ASSISTANCE FROM OTHER PENINSULA DONORS.
SYRIAN MEDIA SINCE THE ISRAELI ELECTIONS HAS STRESSED THE
NEED FOR ALL ARABS TO RALLY TO THE AID OF THE CONFRONTA-
TION STATES. DAMASCUS BELIEVES THAT SYRIA HAS BEEN BADLY
LET DOWN BY THE OIL STATES, A FACT THEY ARE INCLINED TO
ATTRIBUTE TO USG MACHINATIONS. YET, AL-ASSAD HAS APPARENTLY
REFRAINED FROM MAKING A PERSONAL AND DIRECT APPROACH TO
SAUDI LEADERSHIP FOR FINANCIAL ASSISTANCE.

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12. SOVIET UNION: AL-ASSAD MADE SOME PROGRESS TOWARDS RECON-
CILIATION OF SYRO-SOVIET DIFFERENCES DURING HIS APRIL
VISIT TO MOSCOW. POLITICALLY THE SOVIET CONTACTS SERVED TO
BALANCE HIS FOLLOW-UP MEETING WITH CARTER; THIS WAS CLEARLY
SIGNIFICANT TO AL-AS
D DOMESTICALLY. BUT IN ITS SOVIET
RELATIONS, AS WELL AS IN ITS PENINSULAR RELATIONS, TANGIBLE
RESULTS SEEM TO BE WANTING. JUST HOW GENEROUS SOVIETS ARE
READY TO BE IN ORDER TO ENHANCE THEIR INFLUENCE IN SYRIA
REMAINS UNCLEAR. THE POSSIBILITY OF A NEW ARAB-ISRAELI
WAR MAY STIMULATE SOVIET INTEREST IN STRENGTHENING SYRIA
MILITARILY. THE LIKUD SUCCESS BY ITSELF COULD STIMULATE
SOVIET DESIRE TO BE HELPFUL TO SYRIA IN THAT BEGIN'S

ACCESSION IS LIKELY TO WEAKEN SOVIET CAPABILITY TO BROKER ISRAELI-PALESTINIAN TIES. ECONOMICALLY, WITH THE EMPHASIS SHIFTING FROM INDUSTRIALIZATION TO AGRICULTURE IN SYRIA'S NEW FIVE YEAR PLAN, THE SOVIET UNION HAS LESS TO OFFER SYRIA THAN IT DID IN THE PAST.

13. INTERNAL SITUATION: ACCESSION TO POWER OF ISRAELI GOVERNMENT MORE EXPLICITLY INFUSED THE NATIONALISTIC AND RELIGIOUS CONVICTION HAS PARALLELED THE REVIVAL HERE OF CONSERVATIVE MUSLIM SENTIMENTS INCLUDING THAT OF MUSLIM BROTHERHOOD ADHERENTS IN SYRIA. THE BROTHERHOOD HAS BEEN TESTING ITS STRENGTH IN A NUMBER OF LOCAL ELECTIONS FOR PROFESSIONAL SYNDICATES AND IS EXPECTED TO FIELD MANY CANDIDATES FOR PEOPLES' COUNCIL ELECTIONS LATER THIS SUMMER. BROTHERHOOD HAS FOUND ANTI-ALAWITE INSTINCTS OF THE RIGHT-WING SUNNI MUSLIMS A FERTILE GROUND TO EXPLOIT.

14. ANOTHER ISSUE DISTURBING INTERNAL STABILITY IS THE STEADILY WORSENING ECONOMIC SITUATION. TO SOME EXTENT THE EFFECTS OF THIS CRISIS HAVE BEEN CONTAINED BY THE ACTIVITY OF SYRIA'S PRIVATE SECTOR WHICH HAS MANAGED TO SURVIVE AND IN SOME CASES EVEN FLOURISH DESPITE BAATH IDEOLOGY. PRIVATE SECTOR LABORERS WITH EVEN MINIMUM SKILLS COMMAND

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HIGH WAGES AND THERE IS A MAJOR SHORTAGE OF SKILLED ARTISANS. BUT THE STATUS OF PUBLIC SECTOR EMPLOYEES CONCENTRATED IN THE CAPITAL AND OTHER URBAN CENTERS IS A VERY DIFFERENT STORY. WORKERS IN SYRIA'S LARGEST FACTORY (NATIONALIZED) RECENTLY PETITIONED THE REGIME, COMPLAINING ABOUT CORRUPTION AND THE LACK OF OFFICIAL CONCERN ABOUT THEIR CONDITIONS. TEACHERS HAVE WARNED THE PARTY NATIONAL COMMAND THAT THEY MAY STRIKE UNLESS THEIR WAGES ARE INCREASED. THERE MAY BE AS MANY AS 400,000 CIVIL SERVANTS IN SYRIA WHOSE LIVELIHOOD DEPENDS PRIMARILY ON THEIR GOVERNMENT SALARIES. THIS IS A SIZEABLE, WELL-EDUCATED SECTOR OF SOCIETY. THE GOVERNMENT HAS STEADFASTLY HELD THE LINE ON GRANTING INCREASES IN THEIR SALARIES, WHILE TRYING TO ASSIST THEM BY FUMBLING AND GENERALLY INEFFECTIVE EFFORTS AT PRICE CONTROLS.

15. SYRIAN MILITARY ESTABLISHMENT SHOWS NO SIGNIFICANT PRESENT SIGNS OF REDUCING ITS STRONG BACKING FOR AL-ASSAD. MILITARY ARE STILL SOMEWHAT SHIELDED FROM CURRENT ECONOMIC PRESSURES BY GENEROUS SYSTEM OF PRIVILEGES AND PREQUISITES AND KEY LEADERS HOLD PERSONAL LOYALTY TO THE PRESIDENT. WHILE THERE MAY BE SOME HOTHEADS HIDDEN AWAY IN THE RANKS, WE CAN DISCERN NO PRESENT DISPOSITION ON THE PART OF KEY MILITARY LEADERS WILLINGLY TO OFFER UP SYRIA'S PAINSTAKINGLY REBUILT MILITARY MACHINE AS SACRIFICIAL LAMB TO ISRAEL, UNLESS AND UNTIL ALL HOPES OF SUCCESS FOR THE

DIPLOMATIC PROCESS ARE EXHAUSTED. SYRIAN ARMED FORCES ALSO REMAIN ONLY CREDIBLE THREAT TO INTERNAL SECURITY OF REGIME. WHILE THE MILITARY MIRROR TO GREAT EXTENT THE HETEROGENOUS CHARACTER OF SYRIAN SOCIETY, AND THUS ARE SUBJECT SO SAME PRESSURES, FRUSTRATIONS AND PREJUDICES, AL-ASSAD PROBABLY UNDERSTANDS THIS INSTITUTION BETTER THAN ANY OTHER IN THE COUNTRY. CONSEQUENTLY, HE HAS BEEN ABLE TO KEEP THE MILITARY SATISFIED, BUSY AND LOYAL AND TO HEAD OFF ANY INCIPIENT THREATS THAT MAY HAVE DEVELOPED FROM THIS QUARTER. THEREFORE, FOR THE TIME BEING, WE DO NOT FORESEE ANY SERIOUS PERIL TO INTERNAL STABILITY

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FROM THE MILITARY. HOWEVER, A MAJOR DIPLOMATIC SETBACK TO AL-ASSAD'S ISRAELI POLICY, A HUMILIATING CATASTROPHE IN LEBANON, OR FURTHER SERIOUS DETERIORATION IN THE ECONOMY, WOULD, WE BELIEVE, ALMOST INEVITABLY LEAD TO A WEAKENING IN AL-ASSAD'S HERETOFORE SOLID SUPPORT FROM SYRIA'S SOLDIERY.

16. ALTHOUGH AL-ASSAD'S REGIME HAS DEMONSTRATED A REMARKABLE CAPACITY TO ABSORB INTERNAL STRESS--ECONOMIC, SECTARIAN, SECURITY--ITS DIFFICULTIES CONTINUE TO MOUNT. THERE IS LITTLE WE CAN DO TO HELP AL-ASSAD DEAL WITH HIS SECURITY THREATS. WE DO HAVE, HOWEVER, SOME POTENTIAL TO RELIEVE HIS ECONOMIC BURDENS IF WE ARE PREPARED TO URGE THE SAUDIS AND OTHERS TO BE MORE GENEROUS. SYRIA'S ECONOMY IS BASICALLY SOUND BUT SUFFERS FROM SHORT-TERM DISTORTIONS CAUSED BY BAATHI MISMANAGEMENT WHICH AL-ASSAD'S WESTERN TRAINED NON-BAATH TECHNOCRATS HAVE ONLY LIMITED ABILITY TO CORRECT. THE COSTLY SUBSIDIES ON STAPLES CAN ONLY BE REMOVED AT THE PRICE OF INCREASING POPULAR DISSATISFACTION. THE COST OF MAINTAINING AN OCCUPATION FORCE IN LEBANON CONTINUES TO BE A MAJOR FINANCIAL, AS WELL AS POLITICAL BURDEN TO THIS REGIME. HOW MUCH WE SHOULD DO TO ENCOURAGE THE OIL STATES TO HELP BAIL SYRIA OUT IS A HARD QUESTION. WHILE CYNICAL, AN ARGUMENT CAN BE OFFERED THAT A SYRIA IN A CONDITION OF SOME ECONOMIC PRIVATION, BUT NOT TOO MUCH, MAY BE MORE INCLINED TO PERSIST IN TRYING TO COPE WITH THE DIFFICULT PROBLEMS AHEAD IN THE PEACE PROCESS. BUT THE INHERENT DANGERS TO THE STABILITY OF THIS MODERATE REGIME ARGUE AGAINST ANY ACTIVE ROLE ON THE PART OF USG IN DISSUADING SAUDIS FROM PROVIDING FINANCIAL ASSISTANCE.

17. CONCLUSION:

AL-ASSAD MAINTAINS HIS WILL TO SURVIVE AND PRESENTLY SHARES OUR INTEREST IN PURSUING A NEGOTIATED SETTLEMENT WITH ISRAEL. HE WILL CONTINUE TO WORK TO STABILIZE A

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SARKIS REGIME FOR HIS OWN NATIONAL REASONS. HE WOULD BE BETTER EQUIPPED TO RESOLVE ACCUMULATED DOMESTIC FRUSTRATIONS WERE HE TO GET INCREASED ASSISTANCE FROM ABROAD. PRESIDENT'S EXPERTISE IN FOREIGN AFFAIRS PREVIOUSLY HELPED KEEP HIS OPPONENTS OFF BALANCE AND UNREADY TO CHALLENGE HIS LEADERSHIP. WE SEE A NEW DOMESTIC THREAT TO AL-ASSAD IN THE WAKE OF LIKUD VICTORY IN THAT HIS DOMESTIC OPPONENTS--PARTICULARLY ALAWITES--COULD DOWNGRADE FUTURE NEGOTIATING PROSPECTS AND BE CORRESPONDINGLY LESS INHIBITED ABOUT CHALLENGING THE PRESIDENT. AL-ASSAD THUSFAR HAS SUCCESSFULLY FORESTALLED THE EMERGENCE OF RIVALS WITH ENOUGH STATURE TO CHALLENGE HIM BUT HE HAS NOT BEEN ABLE TO ELIMINATE ISSUES WHICH CAN BE USED AGAINST HIM SUCH AS ECONOMIC STAGNATION, SECTARIAN POLITICS, AND HIS TOLERANCE OF CORRUPTION. WHERE WE CAN BEST HELP AL-ASSAD--AND OURSELVES--IS IN CONTINUING TO TRY TO MOVE THE PEACE PROCESS FORWARD. MURPHY UNQUOTE VANCE

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